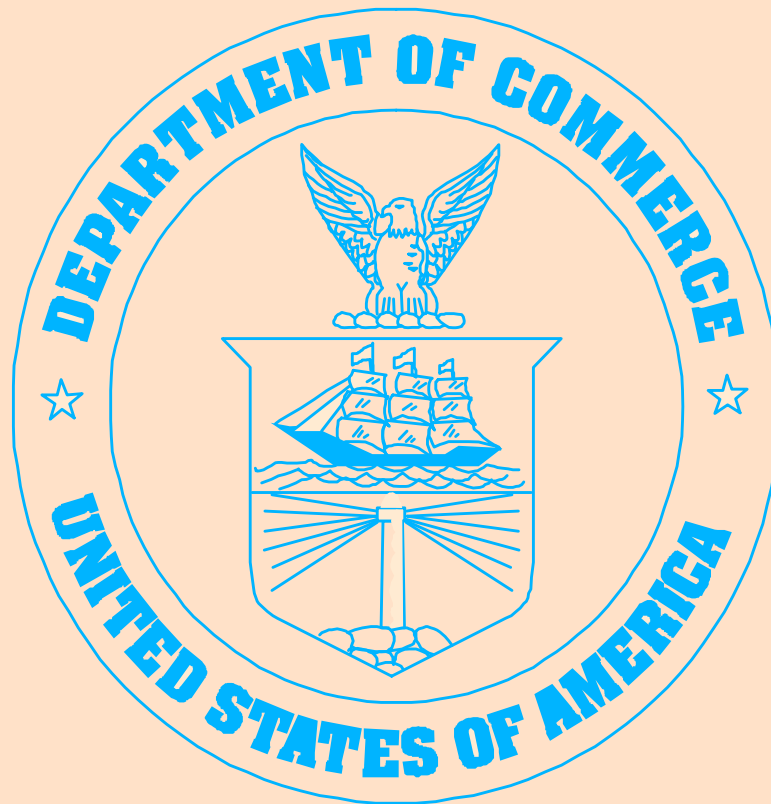


SMALL & MEDIUM SIZED EXPORTING COMPANIES: A STATISTICAL PROFILE

Results from the 1997 Exporter Data Base



**International Trade Administration
Trade Development
Office of Trade and Economic Analysis
December 1999**

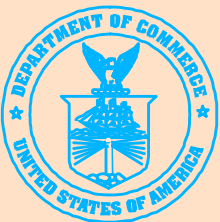
SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs): AN EXPANDING EXPORT ROLE

- **According to newly-available data from the Exporter Data Base (a joint ITA-Census Bureau project) the number of U.S. firms exporting goods tripled over a ten-year period, rising from 69,354 in 1987 to 209,455 in 1997.**
- **Growth of the exporter population has been accelerating.** During 1992-97, the number of U.S. exporters surged by 86 percent, up sharply from the 63 percent increase recorded over the 1987-92 period.
- **Small and medium-sized enterprises (SMEs—companies with fewer than 500 workers) accounted for over 97 percent of the 1992-97 growth in the exporter population.** The number of SMEs that export merchandise soared from 108,026 in 1992 to 202,185 in 1997.
- **SMEs continued to dominate the exporter population in 1997, accounting for 96.5 percent of all U.S. exporters.** This is up slightly from the 95.7 percent share registered in 1992.
- **Very small companies—i.e., those with less than 20 employees—made up 65 percent (nearly two-thirds) of all U.S. exporting firms in 1997.** This is up significantly from 1992, when 59 percent of all exporters employed less than 20 people.
- **SMEs have been gradually but steadily boosting their share of U.S. merchandise exports.** The SME share of exports hit 30.6 percent in 1997, up from 26.4 percent in 1987 and 29.5 percent in 1992.
- **Nearly 40 percent of total 1997 exports by SMEs were concentrated in three leading U.S. markets--Canada, Japan, and Mexico.** Canada was by far the most popular destination, with almost 99,000 out of 202,185 SME exporters registering sales to this market--far more than to any other destination.
- **SMEs also had an important presence in many other major U.S. markets, including a number of prominent emerging markets.** Indeed, emerging markets appear to be of growing importance to SME exporters.
 - From 1992 to 1997 a range of emerging markets—including Brazil, China, Thailand, Malaysia, and the Philippines—boosted their rankings among the leading SME markets.

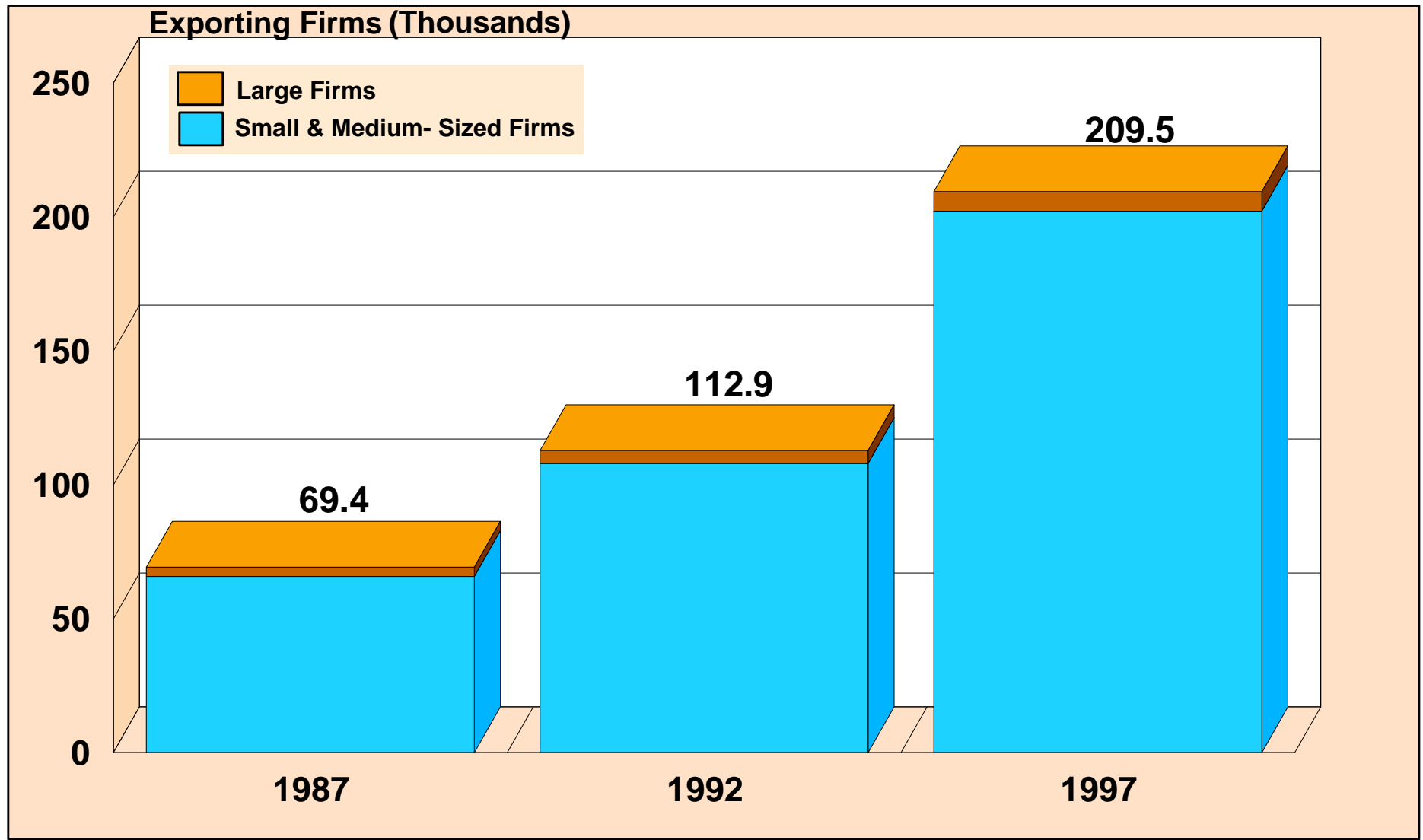
- SMEs were responsible for 38 percent of total U.S. goods exports to the combined China and Hong Kong markets in 1997—up from a 33 percent share in 1992.
- **While there is a core group of robust SME exporters that can compete globally, it appears that many, if not most, companies that have become exporters since 1992 have a limited commitment to foreign markets.**
 - In 1997, 63 percent of all SME exporters—nearly two-thirds—recorded sales to only one foreign market. This is up sharply from 1992, when half of all SME exporters sold goods to just one market.
 - Only 5.6 percent of SME exporters did business in ten or more countries (down from 7.0 percent in 1992).
- **Nonmanufacturing companies dominate exporting by SMEs.** In 1997, wholesalers and other nonmanufacturing firms made up 69 percent of all SME exporters and generated 69 percent of total SME exports.

WHAT IS THE EXPORTER DATA BASE (EDB)?

- **Links Info on Export Declarations to Census Databases on U.S. Firms.**
- **Provides Reliable Way to Profile U.S. Exporters.**
- **Furnishes Number of Exporters, Exporter Locations, Exporter Characteristics.**
- **Complete Data for '97.**
- **'98 Update Underway.**

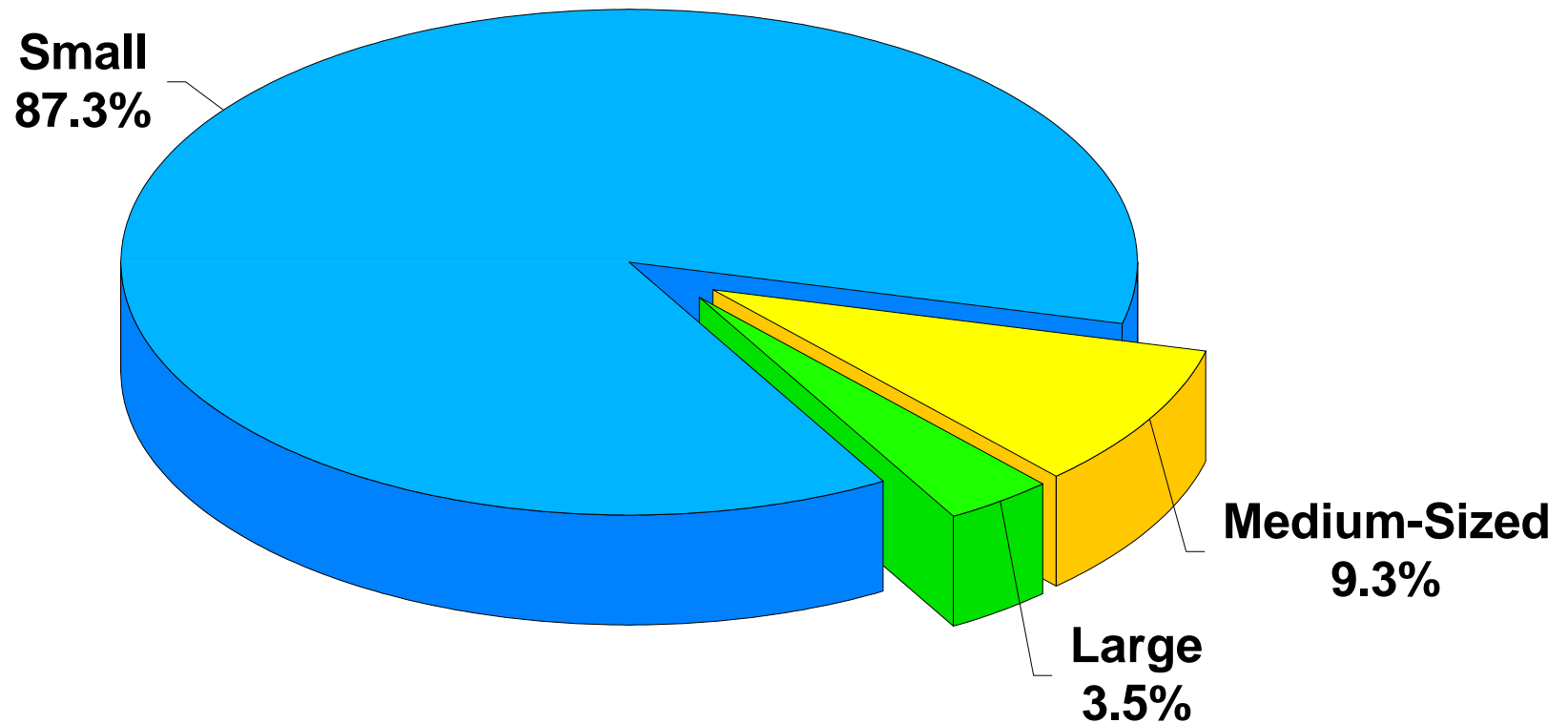


THE NUMBER OF U.S. EXPORTING COMPANIES TRIPLED FROM 1987 TO 1997



Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

NEARLY NINETY-SEVEN PERCENT OF ALL EXPORTING COMPANIES ARE SMALL OR MEDIUM-SIZED



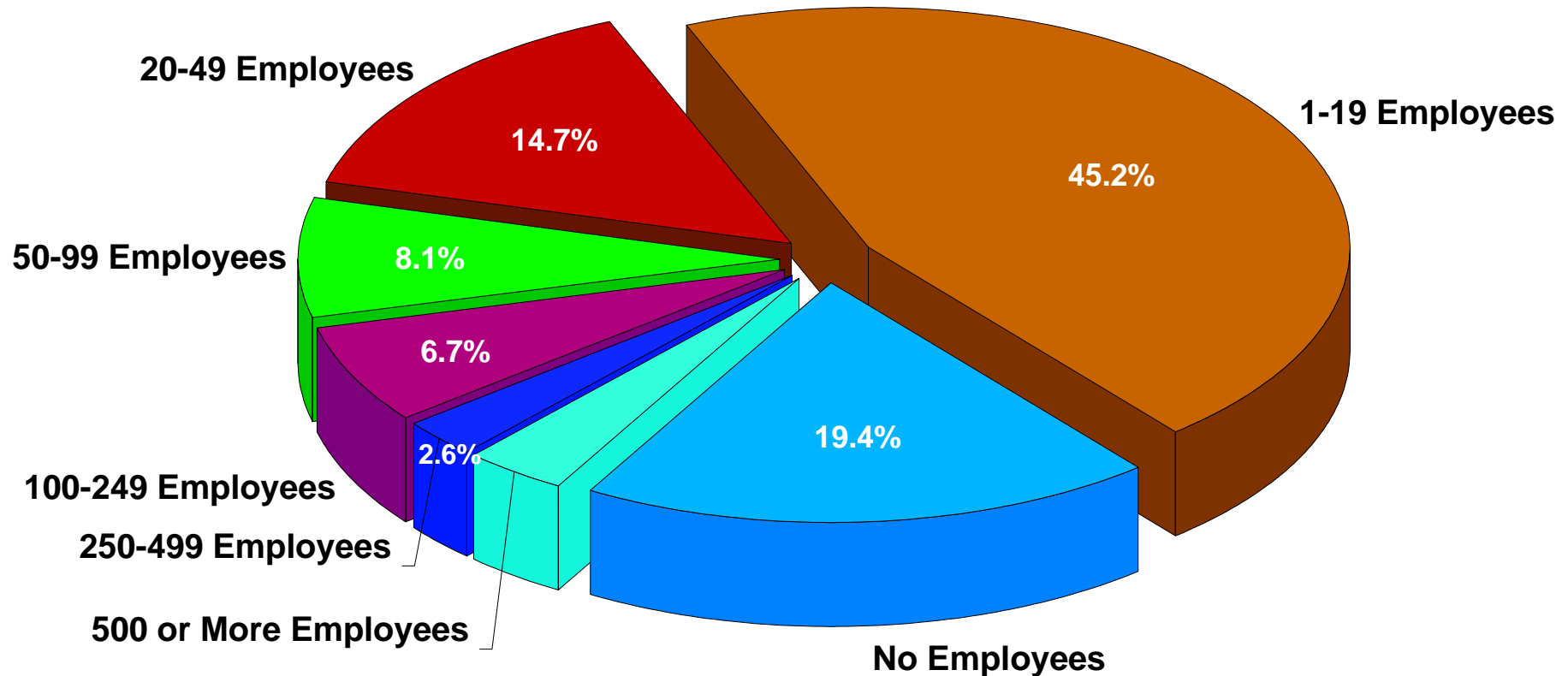
209,455 Companies Exported Goods From the U.S. in 1997

Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

NEARLY TWO-THIRDS OF ALL U.S. EXPORTING FIRMS IN 1997 HAD LESS THAN 20 EMPLOYEES

Percent of 1997 U.S. Exporters With:



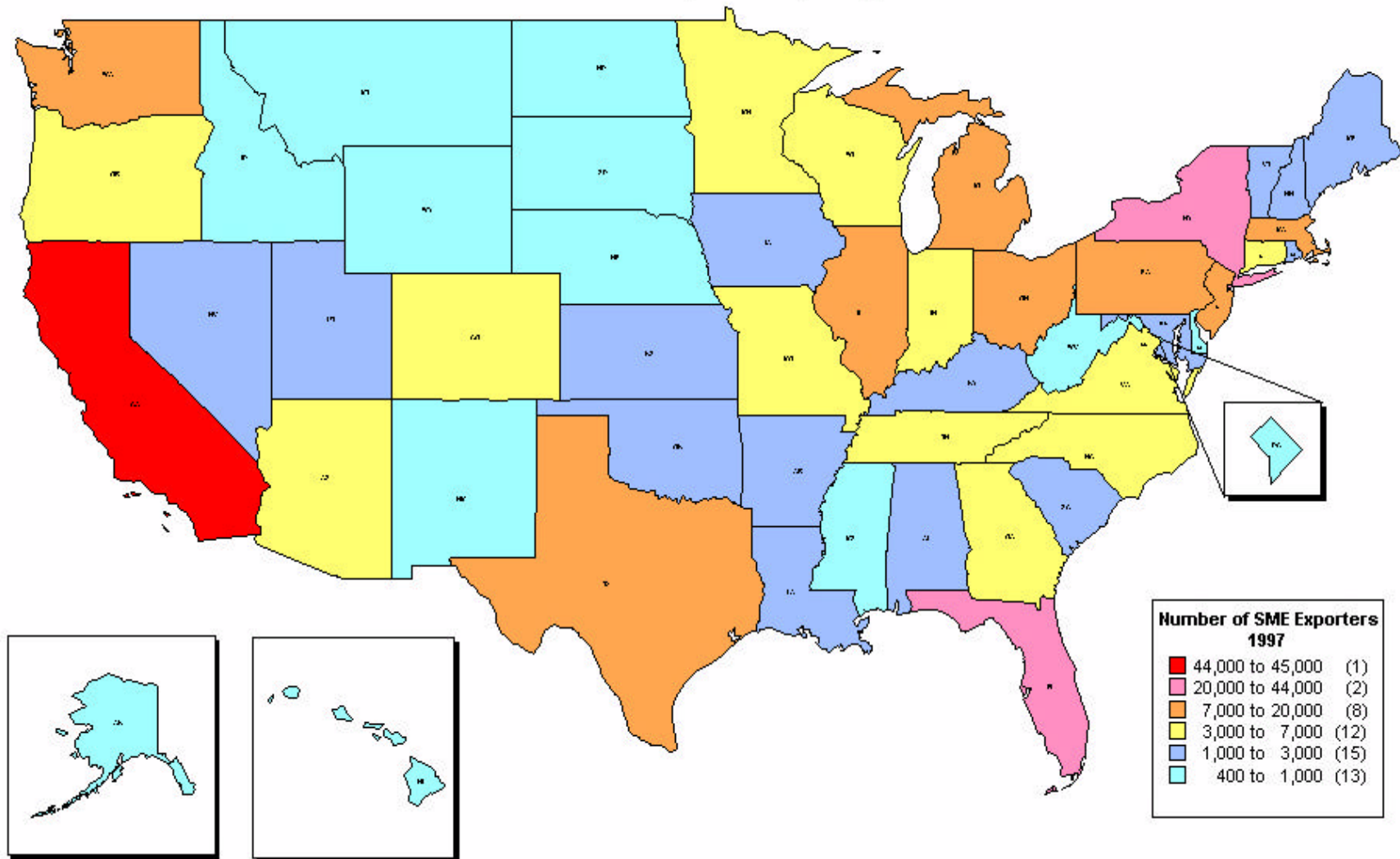
209,455 Companies Exported Goods From the U.S. in 1997

Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

202,185 SMALL AND MEDIUM-SIZED FIRMS EXPORTED GOODS FROM THE UNITED STATES IN 1997

Number of Small and Medium-Sized Companies Exporting Merchandise, 1997



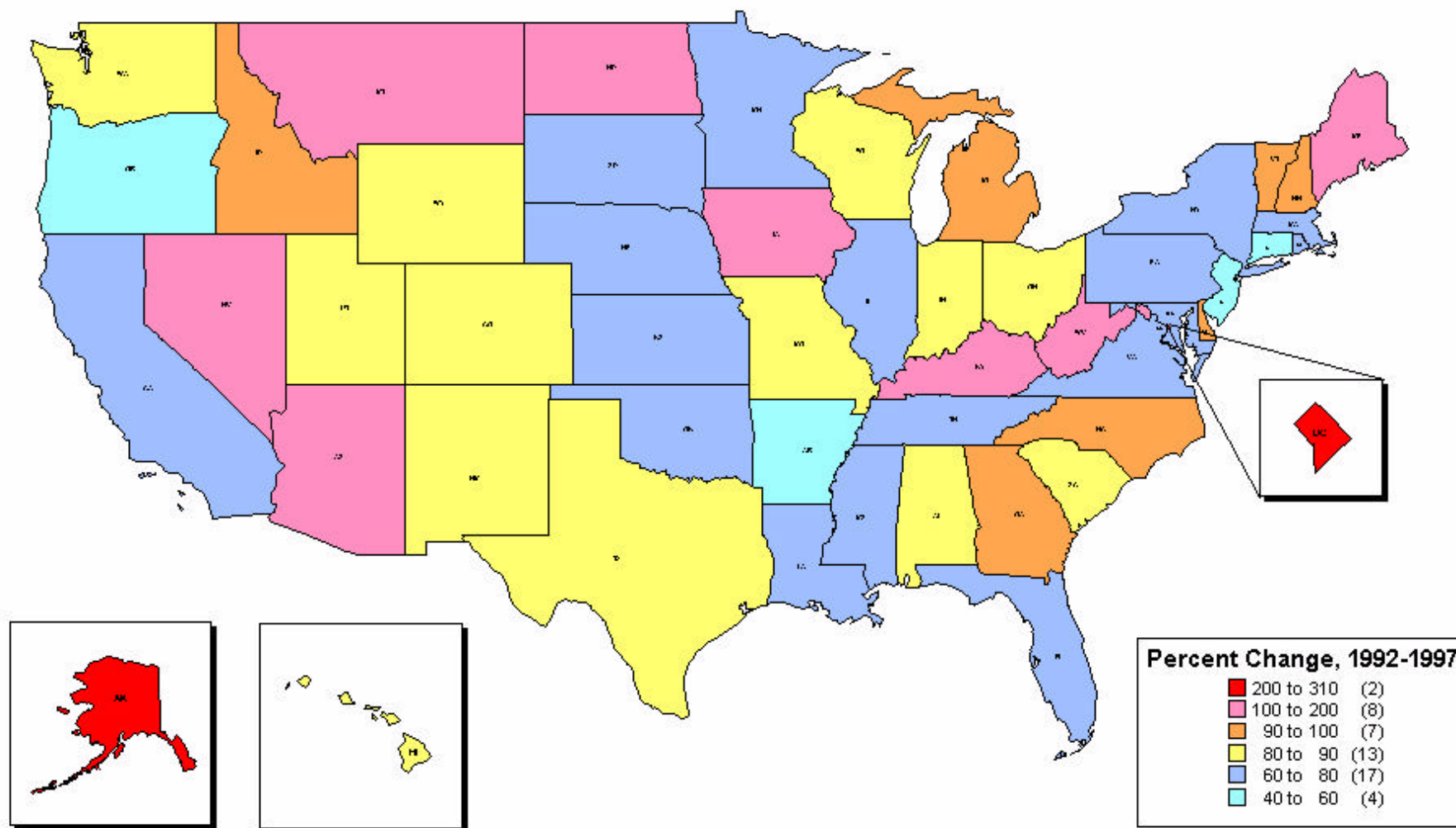
Note: Small and Medium-Sized Enterprises (SMEs) are defined as companies with less than 500 employees. A total of 202,185 SMEs--accounting for 96.5 percent of all known U.S. exporters--sold goods abroad in 1997. Some SMEs export from several states. As a result, state exporter totals cannot be summed to arrive at a national total.

Source: Exporter Data Base, U.S. Department of Commerce and Small Business Administration.

Prepared by: Office of Trade and Economic Analysis, Trade Development/ITA, U.S. Department of Commerce.

THE NUMBER OF SMALL BUSINESS EXPORTERS HAS SURGED IN MOST STATES

1992-1997 Percentage Changes in the Number of Small Companies Exporting Merchandise

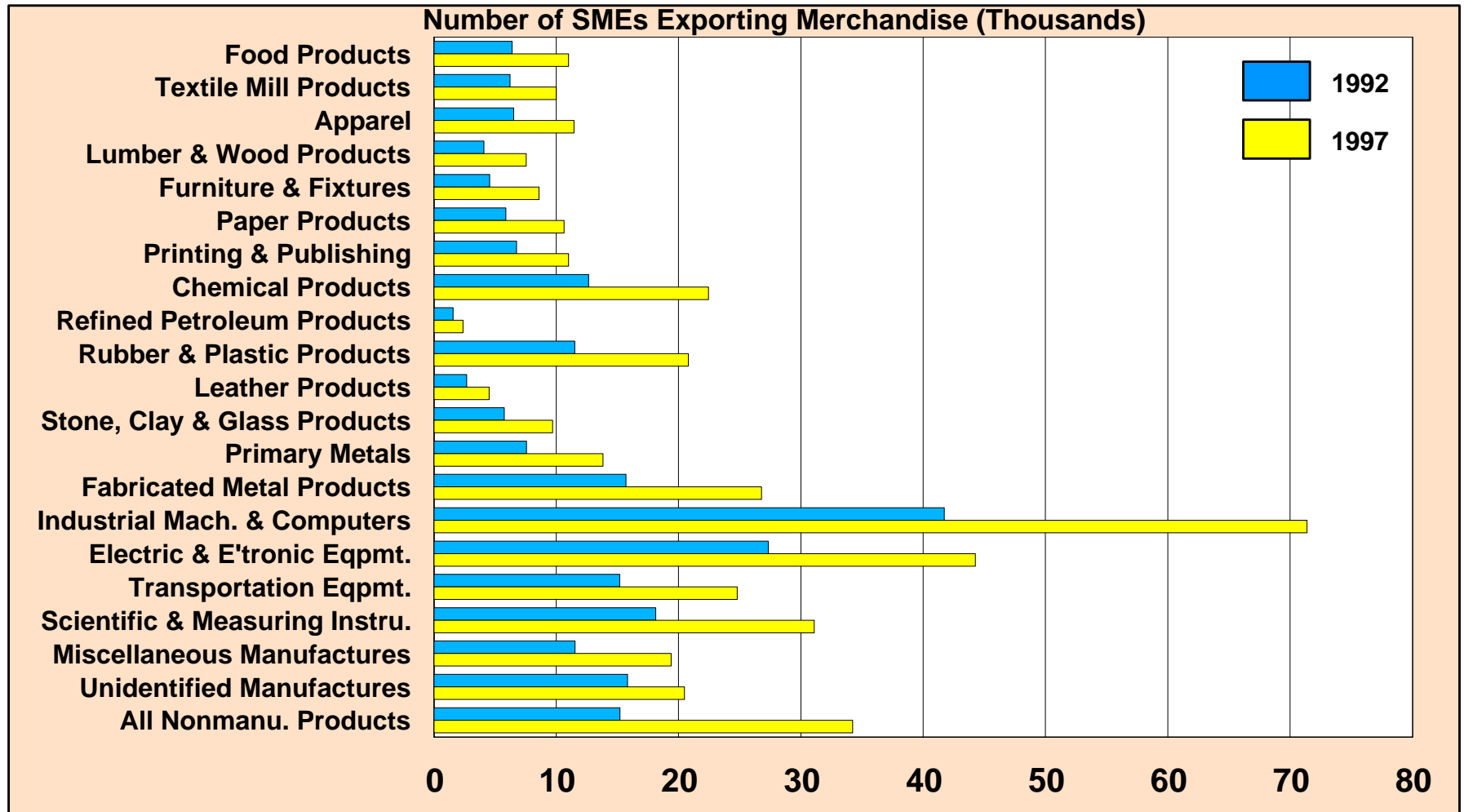


Note: Small businesses are defined as companies with less than 500 employees. A total of 202,185 small firms--accounting for 96.5 percent of all known U.S. exporters--sold goods abroad in 1997.

Source: Exporter Data Base, U.S. Department of Commerce and Small Business Administration.

Prepared by: Office of Trade and Economic Analysis, Trade Development/ITA, U.S. Department of Commerce.

THE NUMBER OF SME EXPORTERS HAS RISEN SHARPLY IN MANY PRODUCT SECTORS*

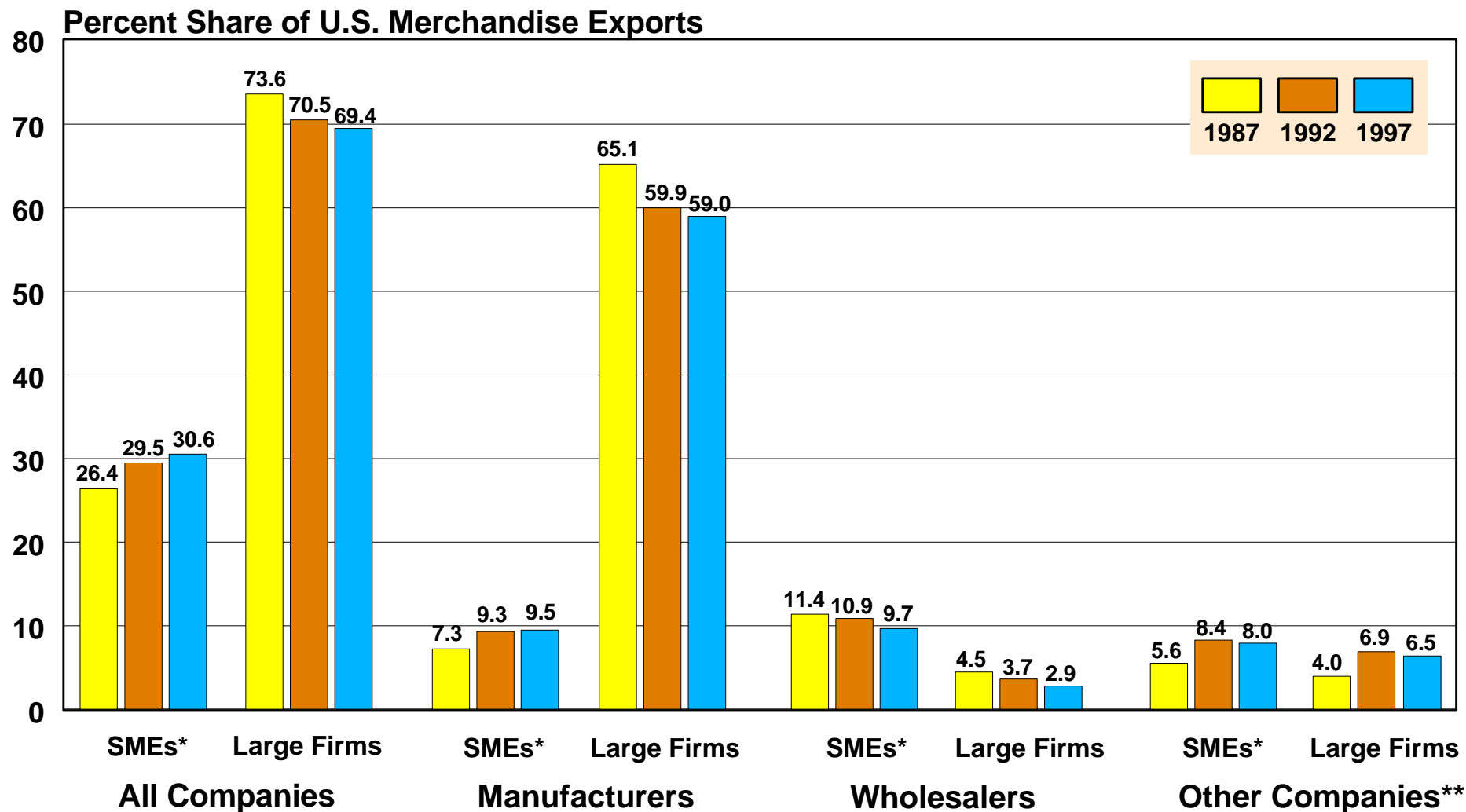


*Note: Figures show the number of SMEs selling specific products abroad. SMEs sometimes export multiple products, and can be represented in multiple product sectors. Product categories therefore cannot be summed to arrive at a U.S. total. Nationally, the number of SME firms known to have exported goods in 1997 was 202,185.

**Tobacco products are excluded, due to the fact that there are a negligible number of SME exporters in this sector.

Source: Exporter Data Base, U.S. Department of Commerce and Small Business Administration.

LARGE MANUFACTURERS HAVE LOST SOME MARKET SHARE, BUT STILL DOMINATE THE U.S. EXPORT PICTURE



* SMEs are small and medium-sized enterprises that have fewer than 500 employees.

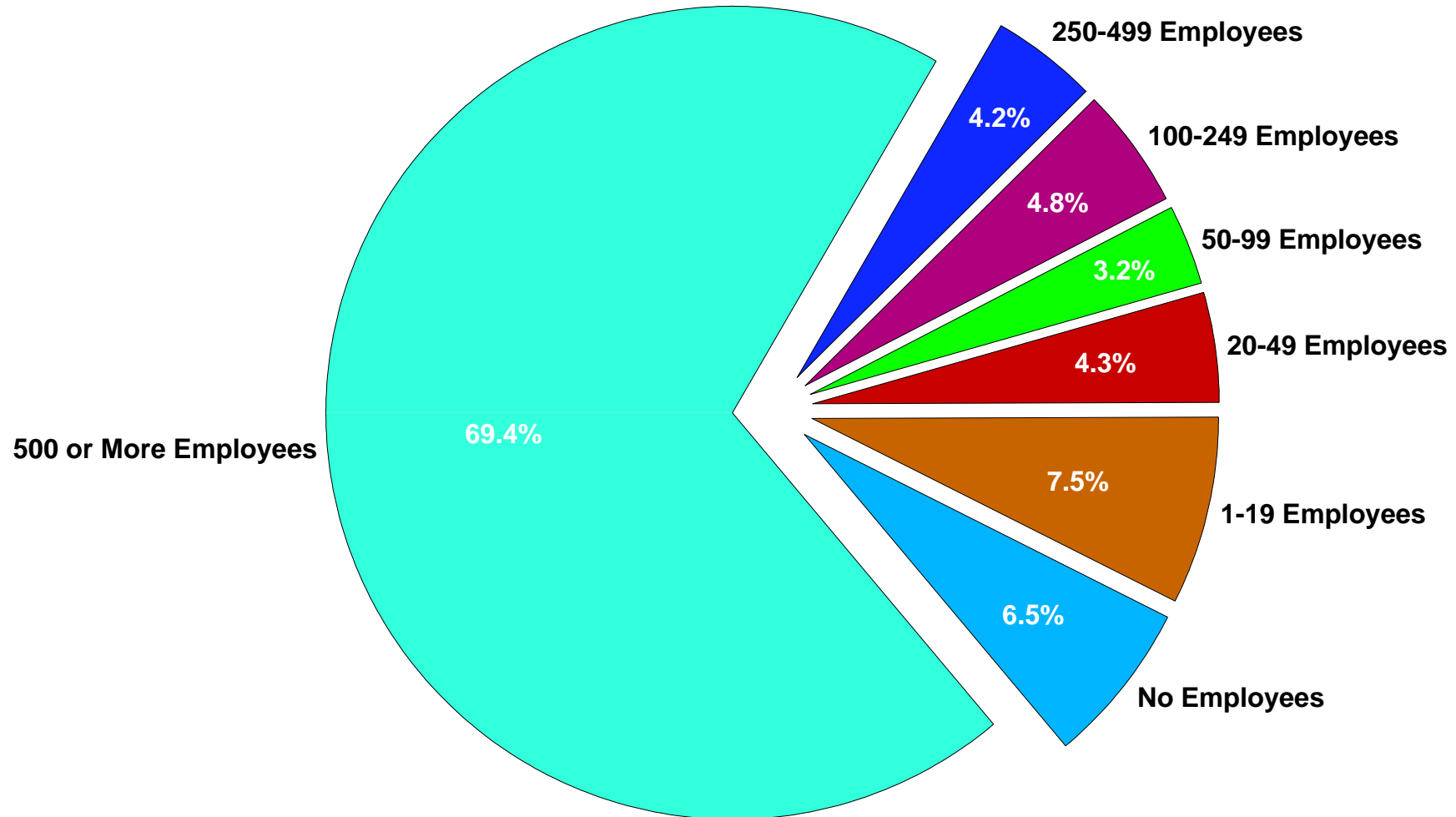
** Includes resource extraction firms and various service companies (retailers, transport services, communications, engineering services, business services, etc.)

Note: Figures for unclassifiable companies are not shown. As a result, graph components do not add to totals shown in the "all companies" category.

Source: Exporter Data Base, U.S. Department of Commerce and Small Business Administration

SMALL FIRMS WITH LESS THAN 100 EMPLOYEES GENERATE OVER ONE-FIFTH OF U.S. MERCHANDISE EXPORTS

Share of 1997 U.S. Export Value by Companies With:

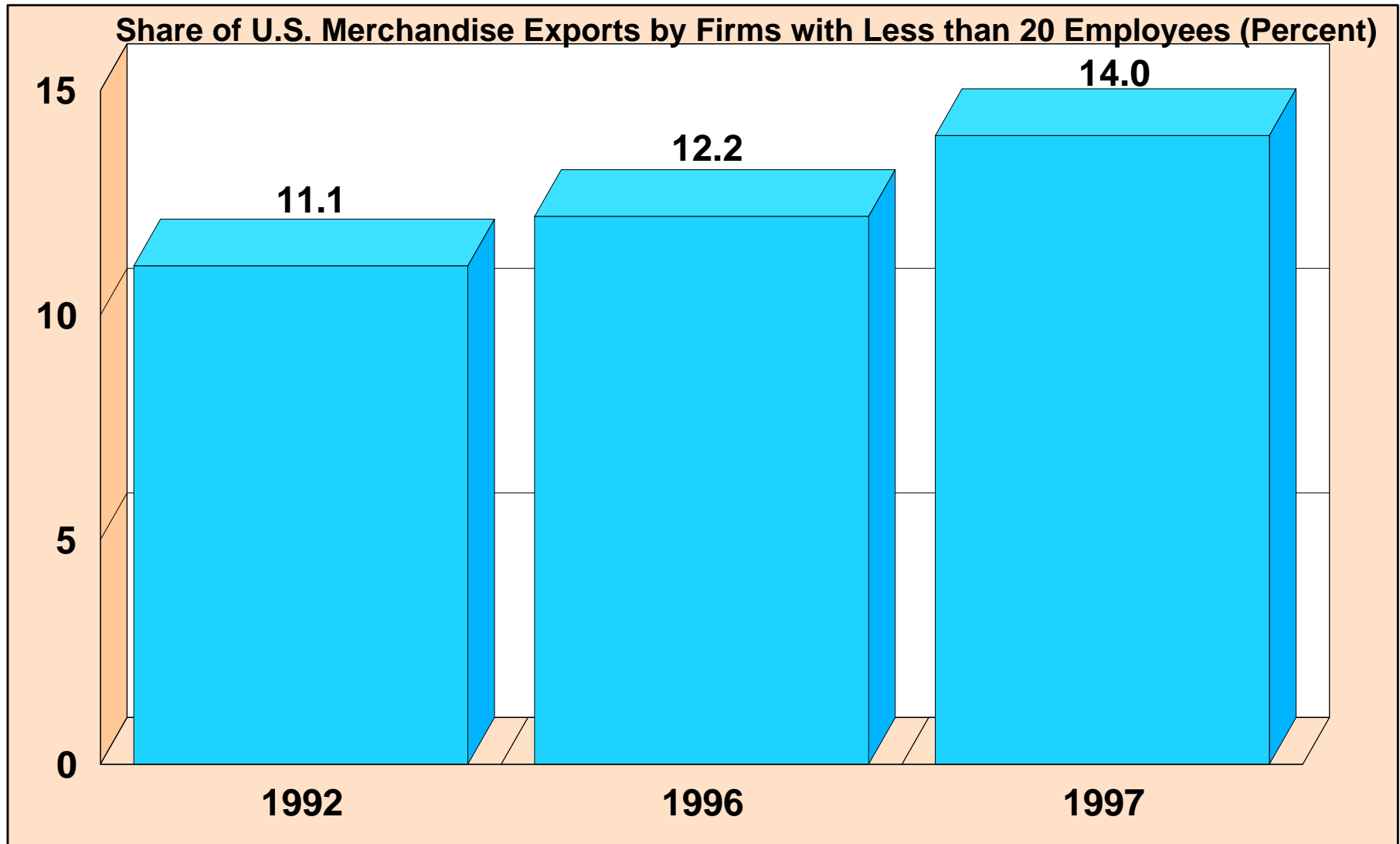


209,455 Companies Exported Goods From the U.S. in 1997

Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

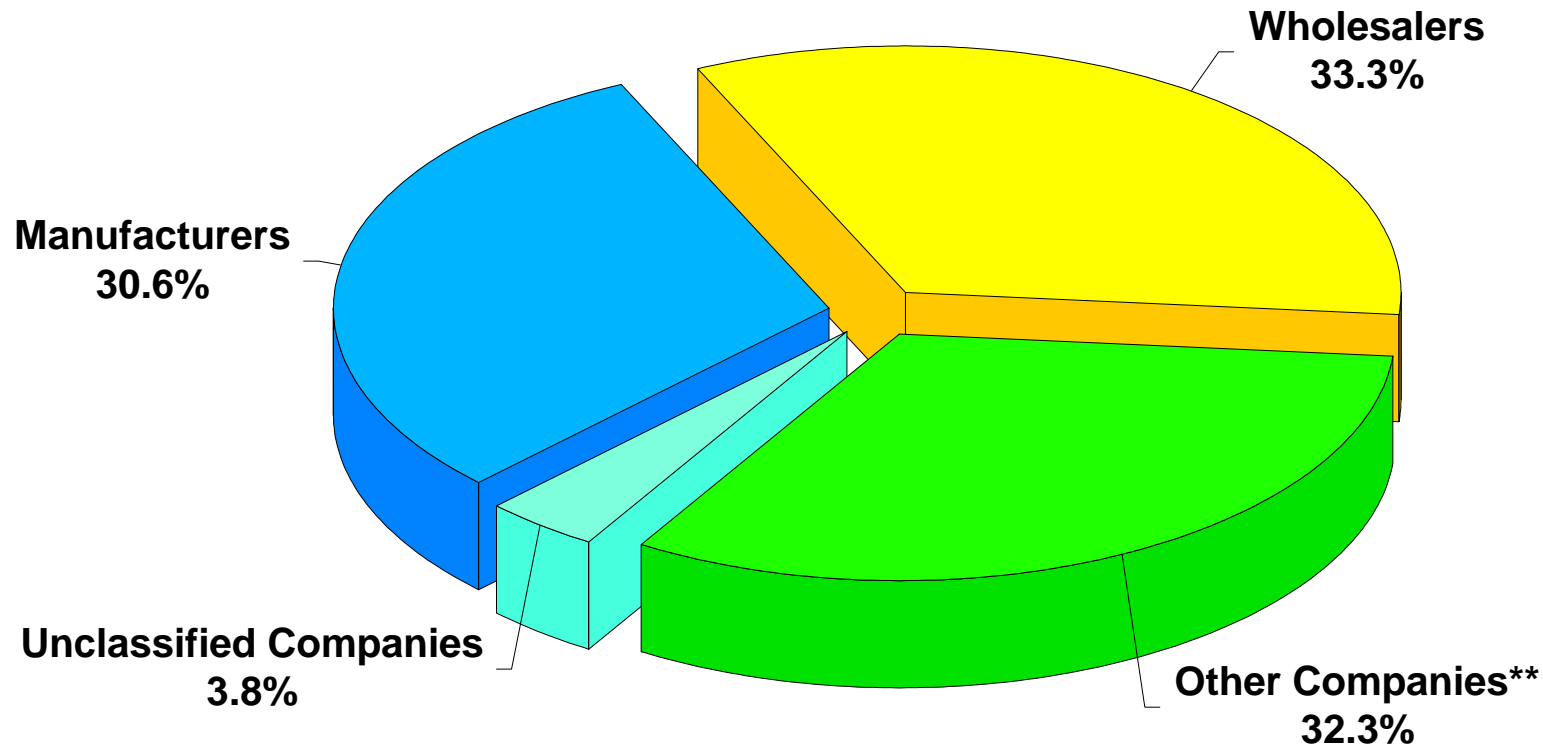
VERY SMALL COMPANIES HAVE BEEN BOOSTING THEIR EXPORT SHARE



Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

ABOUT 70 PERCENT OF ALL SMALL AND MEDIUM-SIZED EXPORTERS ARE OUTSIDE THE MANUFACTURING SECTOR *

Industry Distribution of Small & Medium-Sized Exporters, 1997



202,185 Small and Medium-Sized Firms Exported Goods From the U.S. in 1997

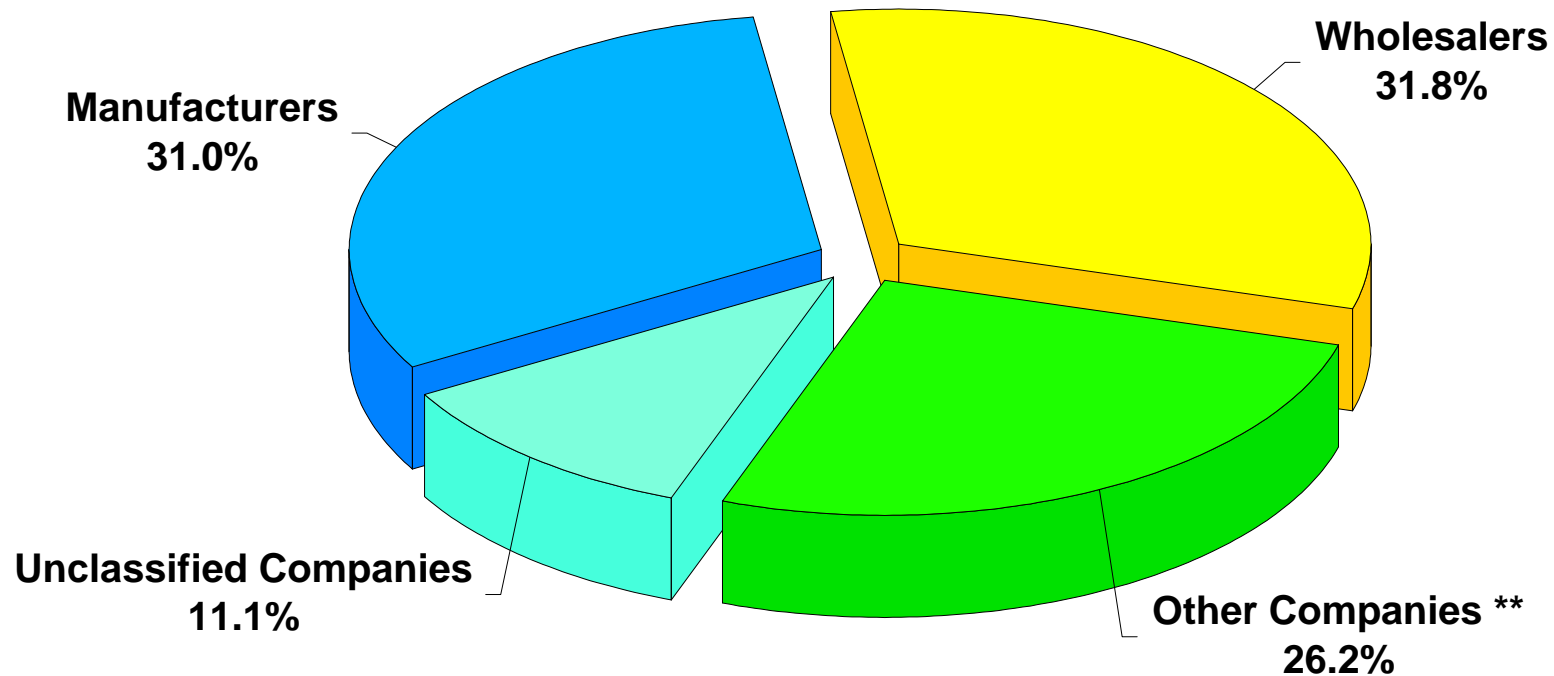
** Small and medium-sized = less than 500 employees*

*** Includes resource extraction firms and various service companies (retailers, transport services, communications, engineering services, business services, etc.)*

Source: 1997 Exporter Data Base, U.S. Department of Commerce

NONMANUFACTURING COMPANIES ACCOUNT FOR NEARLY 60 PERCENT OF ALL EXPORTS BY SMALL AND MEDIUM-SIZED FIRMS *

Exports by Small & Medium-Sized Firms: Shares by Company Type, 1997



\$171.9 Billion = Identifiable 1997 Merchandise Exports of Small and Medium-Sized Firms

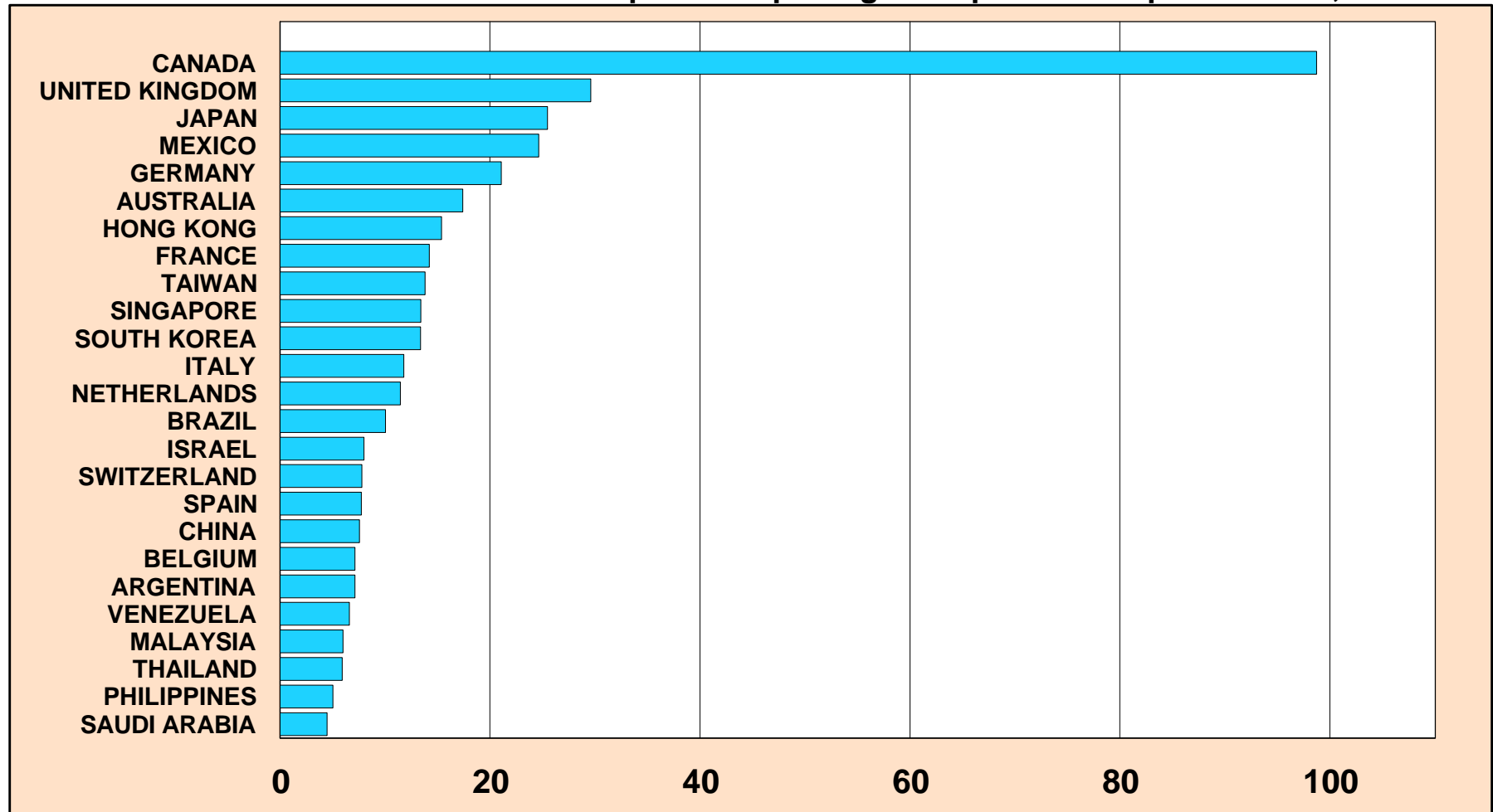
** Small and medium-sized = less than 500 employees*

*** Includes resource extraction firms and various service companies (retailers, transport services, communications, engineering services, business services, etc.)*

Source: 1997 Exporter Data Base, U.S. Department of Commerce

MORE SMALL AND MEDIUM-SIZED COMPANIES EXPORT TO CANADA THAN TO ANY OTHER MAJOR U.S. MARKET

Thousands of Small & Medium-Sized Companies Exporting To Top 25 U.S. Export Markets, 1997



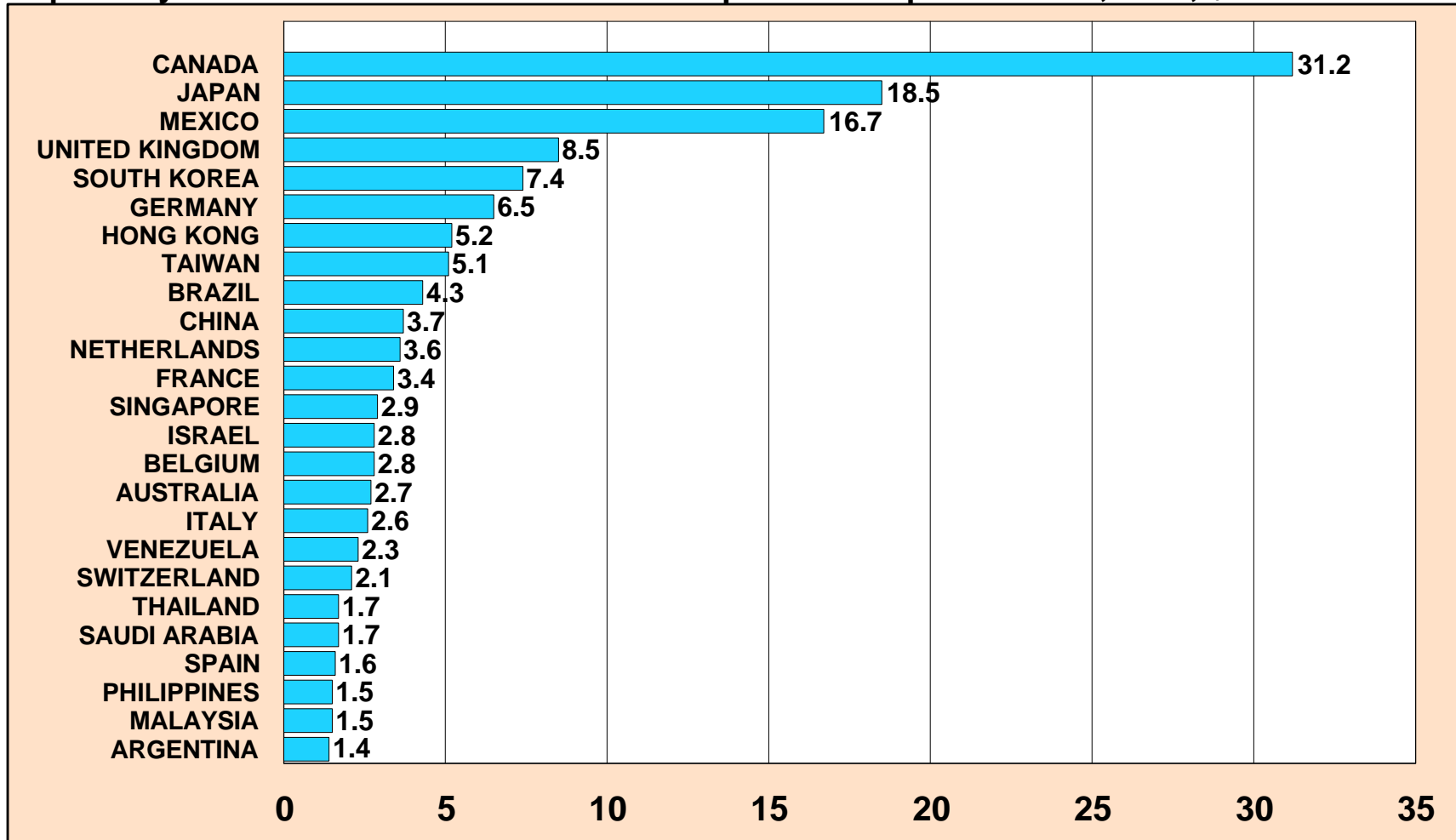
Note: Firms often export to more than one market. As a result, exporter counts for individual markets cannot be summed to arrive at meaningful totals.

Definitions: small = less than 100 employees; medium = 100-499 employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

THE BIGGEST MARKETS FOR SMALL AND MEDIUM-SIZED EXPORTERS ARE CANADA, JAPAN, AND MEXICO

Exports by Small & Medium-Sized Firms To Top 25 U.S. Export Markets, 1997; \$ Billions *



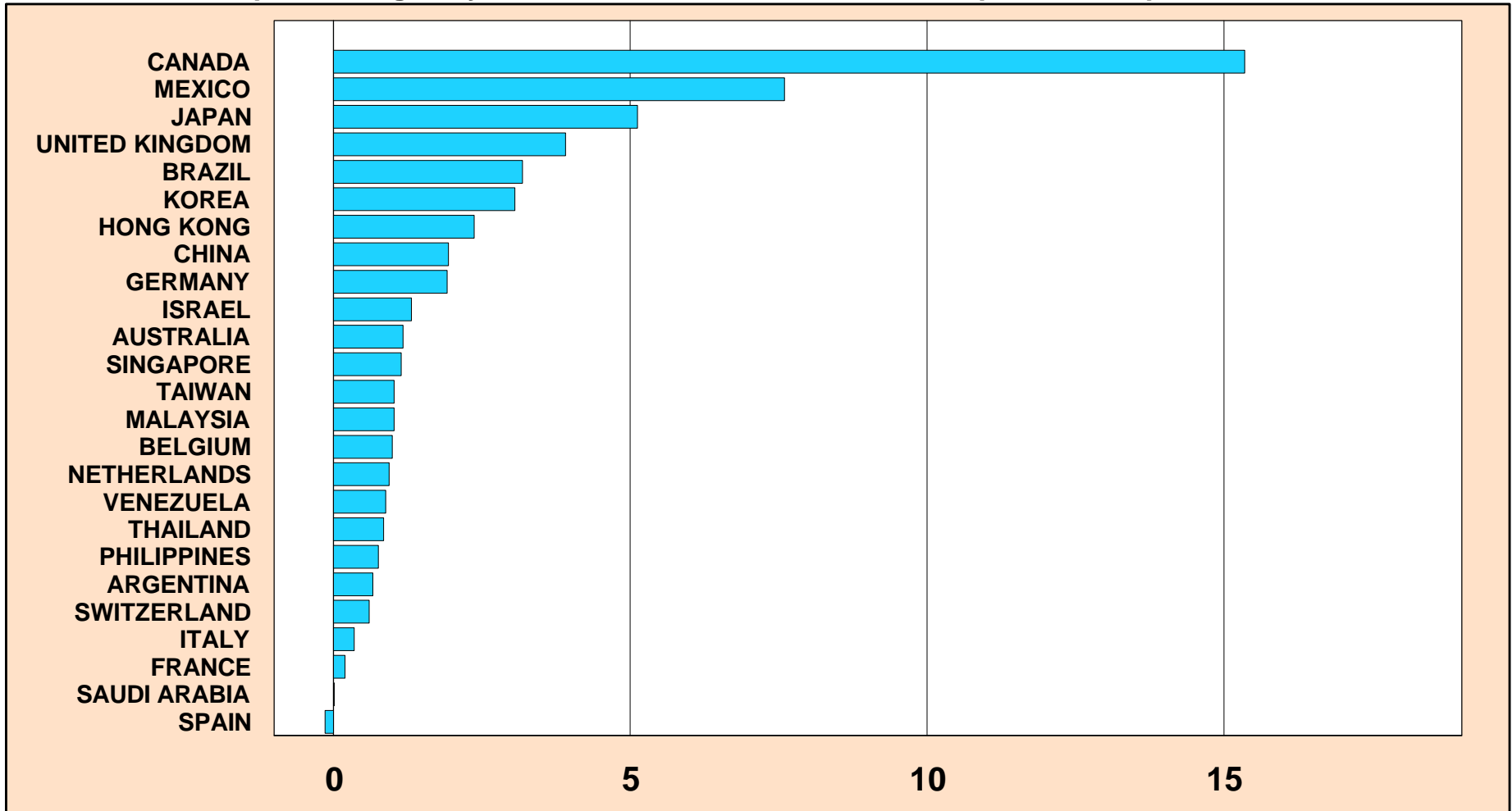
* Includes only identifiable or "known" exports--i.e., 1997 exports that can be linked to individual companies utilizing information on U.S. export declarations.

Definitions: small = less than 100 employees; medium = 100-499 employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

SMALL AND MEDIUM-SIZED EXPORTERS HAVE RECORDED THEIR LARGEST SALES INCREASES IN CANADA, MEXICO, AND JAPAN

1992-97 Dollar Export Changes by Small & Medium-Sized Firms To Top 25 U.S. Export Markets; \$ Billions *



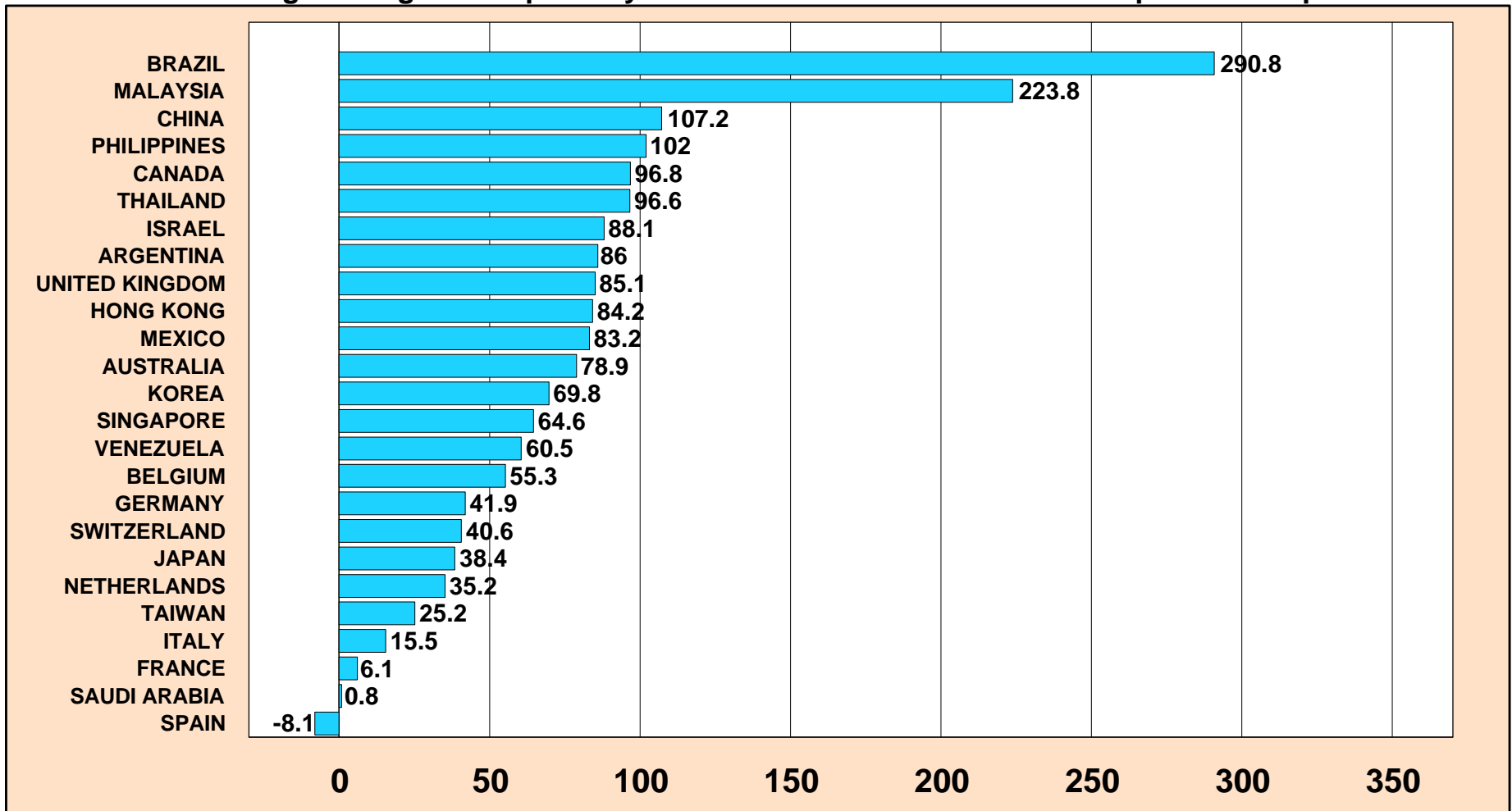
* Includes only identifiable or "known" exports--i.e., 1992 and 1997 exports that can be linked to individual companies utilizing information on U.S. export declarations.

Definitions: small = less than 100 employees; medium = 100-499 employees

Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

THE FASTEST-GROWING MARKETS FOR SMALL AND MEDIUM-SIZED EXPORTERS ARE BRAZIL, MALAYSIA, AND CHINA

1992-1997 Percentage Changes in Exports by Small & Medium-Sized Firms To Top 25 U.S. Export Markets*



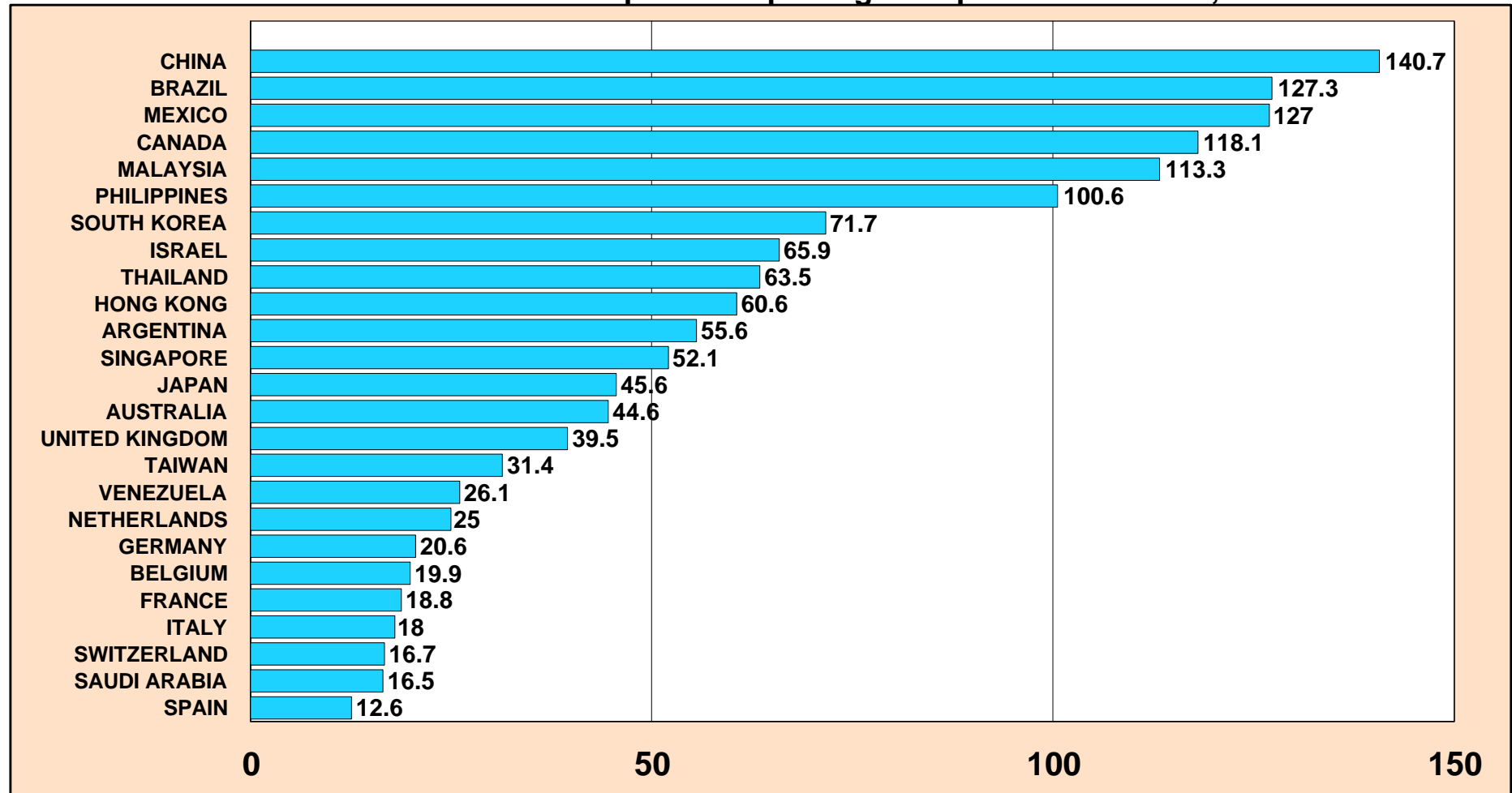
* Includes only identifiable or "known" exports--i.e., 1992 and 1997 exports that can be linked to individual companies utilizing information on U.S. export declarations.

Definitions: small = less than 100 employees; medium = 100-499 employees

Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

THE NUMBER OF SMALL & MEDIUM-SIZED FIRMS EXPORTING TO MAJOR EMERGING MARKETS SURGED FROM 1992 TO 1997

Percent Increases in Number of SME Companies Exporting to Top 25 U.S. Markets, 1992-97*

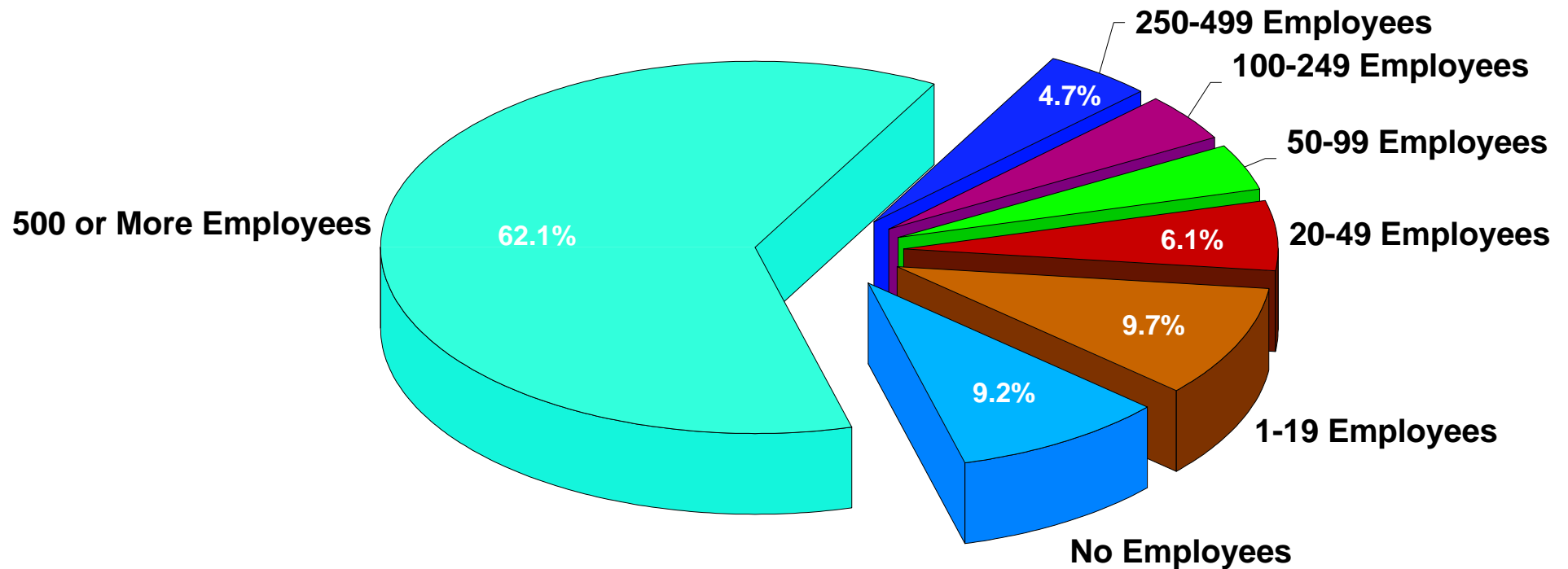


* Firms often export to more than one market. As a result, exporter counts for individual markets cannot be summed to arrive at meaningful totals. SMEs (small and medium-sized enterprises) are firms with fewer than 500 employees.

Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

SMALL AND MEDIUM-SIZED FIRMS GENERATED NEARLY 40 PERCENT OF U.S. EXPORTS TO CHINA AND HONG KONG IN 1997

Share of 1997 U.S. Exports to China and Hong Kong, by Companies with:

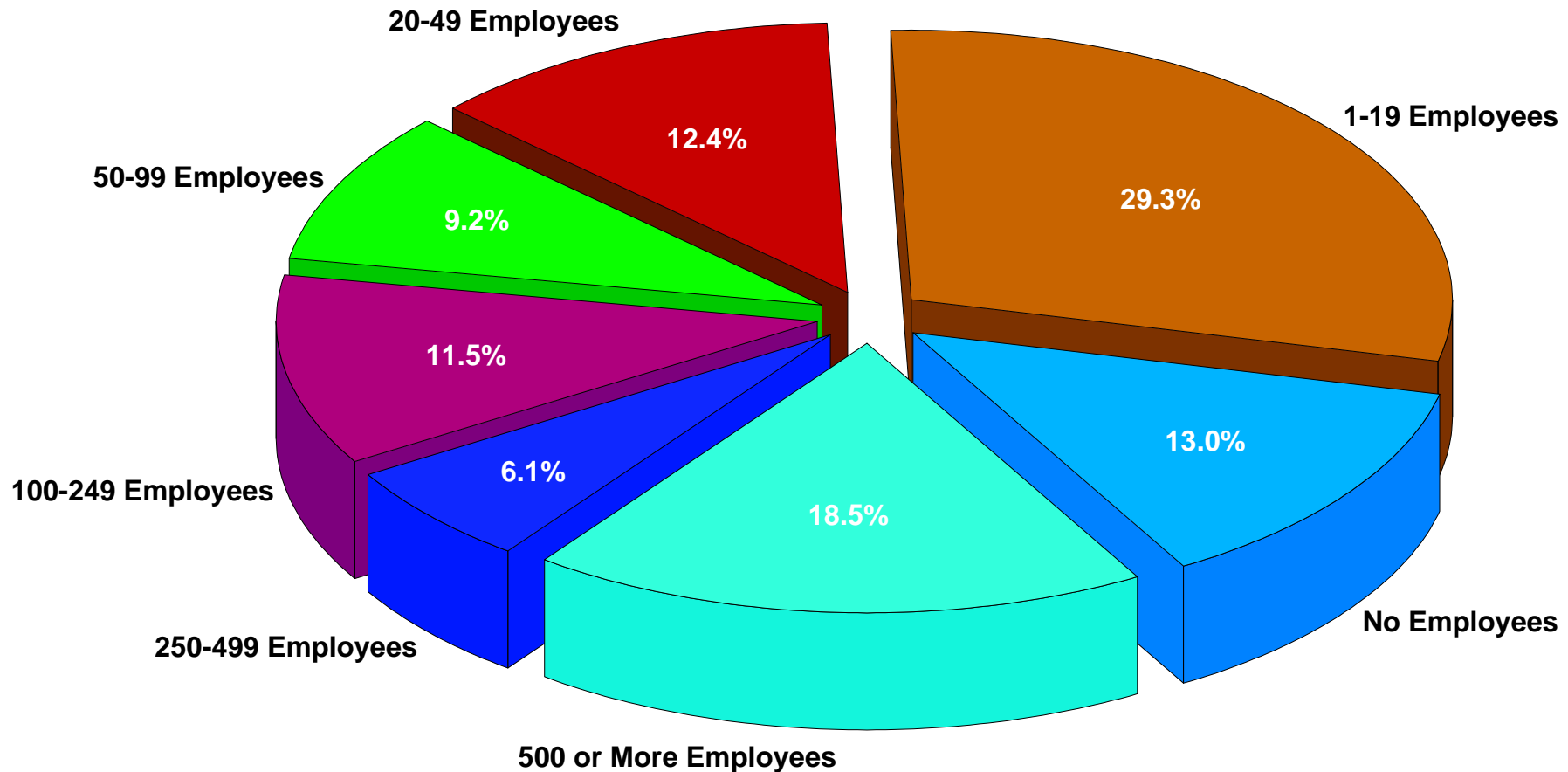


Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

OVER 80 PERCENT OF ALL U.S. FIRMS THAT EXPORTED TO CHINA IN 1997 WERE SMALL OR MEDIUM-SIZED

Firms that Exported to China in 1997 with:



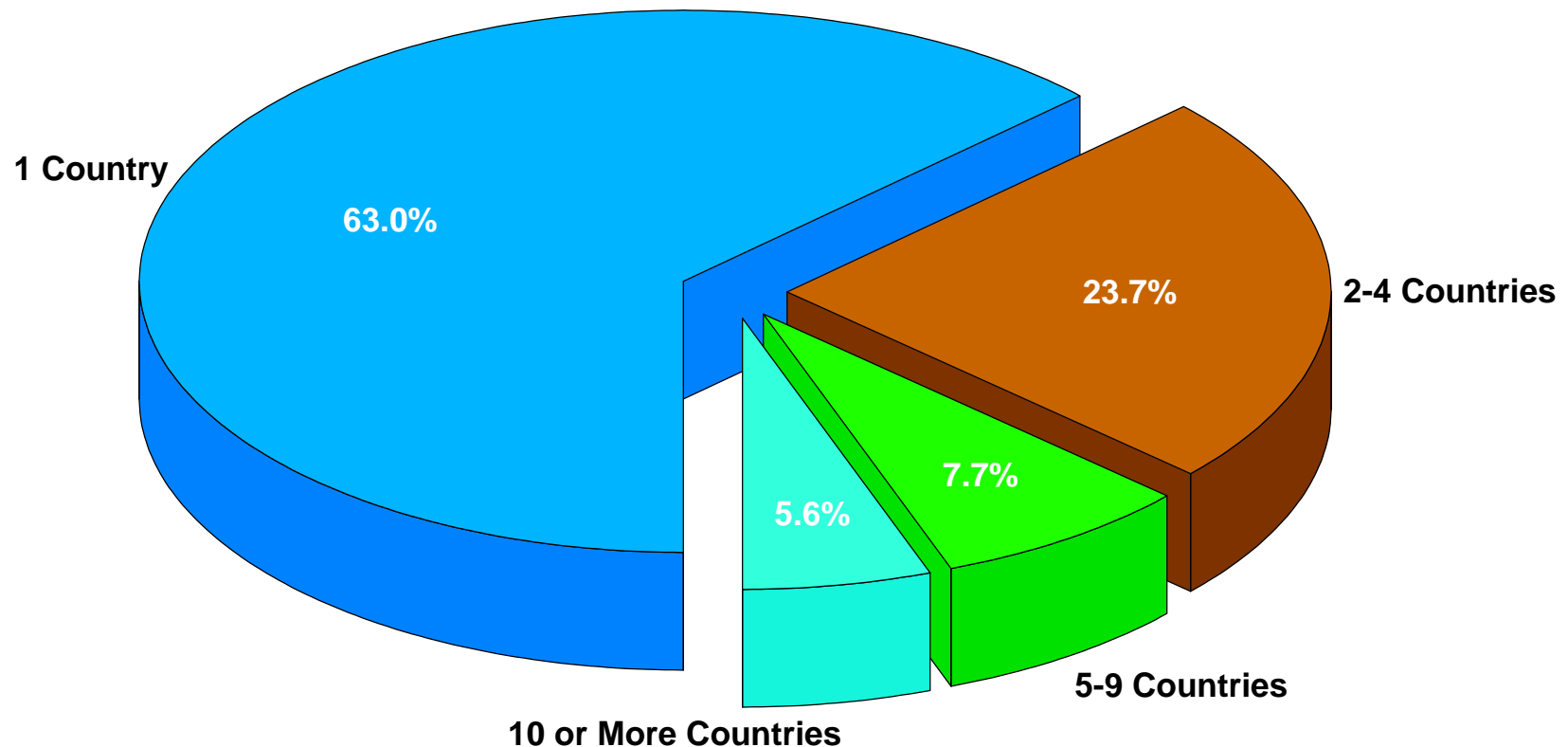
9,280 U.S. Companies Exported Goods to China in 1997

Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

NEARLY TWO-THIRDS OF SMALL AND MEDIUM-SIZED EXPORTERS SOLD TO JUST ONE FOREIGN MARKET IN 1997

Percent of Small and Medium-Sized Exporters Selling to:



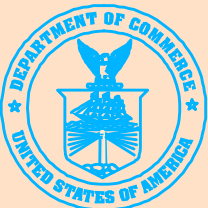
202,185 Small and Medium-Sized Companies Exported Goods in 1997

Definitions: small and medium-sized = less than 500 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

EXPORTER DATA BASE: LIMITATIONS

- Covers exporters of merchandise only; excludes exporters of services only.
- Covers only direct exporters; excludes companies that only export indirectly (i.e., supply inputs to direct exporters).
- Excludes exporters with no shipments over \$2,500.
- Covers exporters responsible for 82 percent of 1997 merchandise exports.
- May slightly understate total number of exporters because export declarations for 18 percent of 1997 export value could not be linked to firms that filed the forms.



EXPORTER DATA BASE: TECHNICAL NOTES

- **All statistics in this report are from the Commerce Department's Exporter Data Base (EDB), which provides an annual statistical profile of U.S. exporting companies--including their number, size, industry composition, and geographic distribution.** The EDB is a joint project of the Census Bureau and International Trade Administration (ITA).
- **Latest available data from the EDB are currently for 1997.** Statistics for 1998 will be available sometime during first-half 2000, and will initially be available from the Census Bureau.
- **Statistical tables from the 1997 and 1996 EDB can be obtained directly from the Census Bureau for a fee of \$25.00.** For more information, see the Census Bureau's Internet site at <http://www.census.gov/foreign-trade> or call 301-457-2242.
- **The Exporter Data Base is comprised of all enterprises that could be identified from Shippers' Export Declarations (SEDs)** that were filed, per U.S. regulations, for merchandise exiting the country. To identify exporters from SEDs, the Census Bureau used Employer Identification Numbers (EINs) and other SED information to link these documents to the Bureau's Business Register (which contains information on company characteristics and locations).
- **All EDB statistics on exporters refer to companies, not establishments.** Companies are legal entities which consist of one or more commercial establishments. Establishments are individual business units, or locations, where economic activity takes place. Establishments include, for example, factories, warehouses, and retailing facilities. The terms "company", "enterprise", and "firm" are used interchangeably in this report. Also, the EDB includes both U.S.-domiciled companies and U.S. affiliates of foreign firms that export goods from the United States.
- **The linkage process outlined above yielded a 1997 Exporter Data Base consisting of 209,455 exporting firms, accounting for 82 percent of measurable merchandise export value.** Export documents accounting for 18 percent of export value could not be linked to the companies that filed the forms due to a variety of factors--e.g., misreporting by firms, errors in collection and processing, and coverage problems.
- **Because of the inability to link all SEDs to the firms which filed the documents, the EDB may slightly understate the total number of exporters--especially as regards small companies with only a few export transactions.** Nevertheless, the EDB likely captures almost all significant exporters. This is because only one valid export declaration is needed to link an exporter to Census data bases. If a company submits 1,000 export declarations and all but one are invalid, the company is still captured by the EDB.
- **Due to improvements in methodology and data collection, the 1997 match rate of 82 percent (by value) was 4 percentage points higher than the 1992 match rate of 78 percent.** As a result, changes in the number of exporters over the 1992-97 period should be interpreted with some caution. Some portion of the increase in the exporter population was undoubtedly the by-product of measurement enhancements--however, the extent of the effect is unknown. Whatever the impact, overall trends documented by the EDB are fully corroborated by a large body of anecdotal evidence reported in the media and by an upsurge in U.S. companies seeking

assistance from government export promotion agencies.

- **EDB data on individual firms--including company names and addresses--are not available to the public due to federal regulations which prohibit public release of confidential business information provided to the U.S. Government.** All data in this report, as well as in EDB statistical tables available from Census, are in anonymous form. All numbers have been aggregated to a level where individual firms cannot be identified. For data users who desire exporter names and addresses, a number of commercial data base alternatives are available.
- **The EDB only captures companies that have at least one export shipment during the year valued at \$2,501 or more.** Also, the EDB tracks only exporters of merchandise--i.e., goods. Firms that export services only are excluded. However, service companies (wholesalers, retailers, engineering and architectural firms, etc.) that also export goods are included.
- **All businesses included in the EDB are *direct* exporters--i.e., entities that ship merchandise from their factories (or other facilities which they own) to a foreign destination.** Excluded from the EDB are so-called "indirect" exporters whose export role is limited to (1) providing components or other inputs to businesses engaged in export production and marketing, or (2) supplying goods to independent intermediaries which, in turn, market the products internationally.
- **Companies in this report are classified according to employment size ranges.** There are no universally accepted guidelines for classifying companies by size. Classification criteria tend to vary with analytical purpose and organizational mission. For the purposes of this report, small firms are defined as those with fewer than 100 employees (very small firms are those with less than 20 employees). Medium-sized firms employ from 100 to 499 workers. Large firms are those with 500 or more employees.
- **Companies in this report are divided into three categories--manufacturers, wholesalers, and "other companies."** Company type for single-location companies is based on the Standard Industrial Classification (SIC) system, and company type for multiple location firms is based on the closely-related Enterprise Industrial Classification (EIC) system. Manufacturers are firms that fall into SIC/EIC classifications 20 to 39. Wholesalers fall into classifications 50 and 51, as do brokers, agents, and similar entities which are primarily engaged in the distribution of goods to businesses. The term "other companies" embraces all remaining SIC/EIC categories. Included here are resource extraction companies, retailers, freight forwarders, engineering firms, and miscellaneous service companies which often market goods abroad and act as exporters of record. Firms for which a valid SIC/EIC was not available are labeled "unclassified companies."
- **Export product categories referenced in this report are on a SIC basis.** For information on the types of products contained in individual SIC categories, consult OSHA's Internet site at www.osha.gov/oshstats/sicser.html.
- **Many companies export products that fall into more than one SIC category.** It follows that such companies can be represented multiple times in tables and graphs that profile exporters by type of product exported. This means that one cannot simply sum up exporters in various product categories to arrive at totals.
- **Any EDB statistics in this report that profile exporters at the state or local levels were**

compiled on an Exporter Location (EL) basis. Tabulations on an EL basis assign exporters to sub-national jurisdictions based on the zip code location of the “exporter of record” as specified on export declarations. The exporter of record is the party principally responsible for effecting export from the United States.

- **The exporter’s zip code location is very often the point of sale, or marketing location.** In some circumstances, the exporter’s location may also reflect the location of the company’s home office (“headquarters effect”) or the location where export paperwork was performed. While this introduces some uncertainty into interpretation of the data, it merits attention that 85.5 percent of all 1997 exporters, and 88.2 percent of small and medium-sized exporters, were single-unit companies. Thus, for the vast majority of exporters all corporate functions are typically conducted at the same site.
- **Conclusions about export-related production or employment in a state, metro area, or zip code should not be made solely on the basis of data in this report.** While the locations of production, marketing, and export paperwork processing *often* coincide, they do not *always* coincide. This is especially true for non-manufacturing companies, which were responsible for 32.1 percent of U.S. goods exports in 1997. Single-unit wholesalers, for example, may perform export marketing and paperwork at one site but obtain export products from unaffiliated manufacturers located elsewhere. In the case of multi-unit exporters (manufacturers and non-manufacturers alike), production and sales activities are often separated geographically. Multi-unit firms, while in the minority among exporters, nevertheless generate about 80 percent of total U.S. merchandise export value.
- **Exporter counts shown for states, metropolitan areas, or zip codes cannot be summed to arrive at national or regional totals.** To do so often results in double-counting, because some exporting companies--especially large multi-establishment firms--frequently export from multiple locations.
- **Any statistics in this report regarding the number of employees in exporting companies refer to the total number of workers, not just workers whose jobs are supported by exports.** “Employment” also refers to part-time as well as full-time workers on a firm’s payroll during Census Bureau reporting periods.
- **All export value data in this report are on an f.a.s (free alongside ship) basis and include both domestic exports and re-exports of foreign merchandise.**
- **Statistics in graphs and text have been rounded to enhance readability.** For this reason, details may sometimes not add exactly to totals.